

## Email Blast for Employers and Vendors—January 2019

Good Morning,

Three new PSERS membership classes will be effective on July 1, 2019. All three membership classes (T-G default, T-H elective, DC elective) require a defined contribution (DC) component. Members who are part of classes T-G and T-H will also have a defined benefit (DB) component, so work reports will need to be submitted to both Voya and PSERS for these classes. Class DC members will also remain on the DB work reporting to maintain salary information, but DC class members will display with a 0.00% DB member contribution rate on this file.

We have two **important** pieces of information to share with employers and vendors.

- Additional requirement for the “Payroll Corrected In” adjustment field
- Clarification for what the After-Tax field on the DC file format should be using to calculate this percentage

### “Payroll Corrected In” adjustment field:

PSERS recognizes that sometimes corrections are needed to information previously reported. One of the challenges with reporting to two different entities is being able to reconcile or “match up” the totals submitted to both places. Compensation totals reported to Voya and PSERS must be the same for the same pay period.

A new requirement when submitting *PSERS DB adjustments* (manual and file upload) is the completion of an additional field entitled “**Payroll Corrected In.**” *PSERS DB adjustments* refers to adjustments done in the Employer Self-Service (ESS) portal to correct salary information for employees with a DC benefit component. DC reporting is submitted by payroll cycle, so this additional field will assist in reconciling differences between PSERS and Voya reporting by answering the question of when the difference was corrected.

### The “Payroll Corrected In” field will be:

- In a date format MM/DD/YYYY.
- Used to identify the payroll date that the employer corrected the contributions with Voya.
- A mandatory requirement for classes T-G, T-H, and DC.
- An optional field for all other classes.
- Manually entered by the employer for both manual and file upload adjustments.

The “Payroll Corrected In” field should be inserted between the “Contrib Withheld” and “FY” fields. For visual reference, below is the current order of the fields in an adjustment on ESS. The new “Payroll Corrected In” field will be placed between the fields circled below.



Actions	Name/SSN	SSN	Birth Dt	Reason Code	Wage Indicator	Contrib Withheld	FY	Wage Type	Work Status
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To clarify, the “Payroll Corrected In” field is only for DB Adjustment submissions. The DB Work Report file format will stay formatted as it currently is without any changes needed to accommodate the new membership classes.

**After-Tax Contributions (“ATC”):**

The DC File format includes a field for After-Tax Contributions. Vendors and employers who manage their payroll internally have been provided with the DC file format and testing requirements for submitting a test file to Voya. Below are additional instructions for the After-Tax field. (Field #8 on DC File layout)

**After-Tax Contributions (“ATC”):**

1. Employer reports Retirement Covered-Compensation (RCC) on DC payroll files in Field #7 **RCC paid this period.**
2. Employer will calculate the reduction for all pick-up contributions to PSERS (DB and DC) and enter this in Field #8 **RCC less pick-ups.**
3. Employer will then calculate the ATC percentage on the RCC less pick-ups salary.

**Example:** (Class T-G participant who elected a 4.00% ATC percentage)

<b>Step 1</b> (enter in Field #7)	RCC salary reported for participant	\$1,000.00
	T-G Total Contribution Rate = 8.25%	-\$82.50
<b>Step 2</b> (enter in Field #8)	RCC less pick-ups salary	\$917.50
<b>Step 3</b>	Apply After-Tax percentage of 4.00%	\$917.50 * .04 = <b>\$36.19 ATC</b>
	Max ATC allowed by Voya:	<b>\$36.19</b>

Employers are required to ensure that each payroll is sufficient to cover all other mandated deductions on each pay must be deducted before determining if any pay remains from which to make the ATC. At a minimum, the mandated deductions should include, as applicable:

- Pick-up contributions under DB and DC
- Federal tax withholding
- State tax withholding
- Local tax withholding
- Payroll Tax withholding
- Health plan deductions
- Flex plan deductions (i.e. medical expense reimbursement and/or dependent care assistance plan)
- Union dues
- 403(b), 457(b) or 401(k) elections

The ATC remitted to Voya should be the least of:

- a. Amount that will not cause violation of 415(c) annual limit
- b. Amount of cash remaining in check after “mandated deductions.”
- c. Calculated ATC as per (3) above.

Voya’s system validation will look for the max amount of ATC that can be remitted to Voya. If RCC less pick-ups salary is \$917.50 and the participant elected 4.00% for ATC, the maximum amount allowed to be remitted is \$36.19. To confirm, the maximum amount of an ATC is determined by multiplying [RCC less pick ups salary] times [the elected ATC percentage]. However, because of deductions of “mandated contributions,” the amount remitted could be a smaller amount.

If an Employer fails to make a mandated deduction prior to an ATC, no adjustment will be made by the employer to the participant's account with Voya. The Employer will be solely responsible for the error and will not be permitted to recoup the money for the participant's account with Voya. **As may be provided under PSERS' Adjustment Policy, PSERS may need to correct an overcontribution of an After-Tax Voluntary Contribution.**

Participants may elect or change an existing After-Tax percentage at any time through Voya. This information will be communicated to employers through the Change in Member Class/Rate or Obtaining Qualification (CROQ) Report that is generated every Monday morning.

Please direct questions about file formatting to [PSERSVendors@voya.com](mailto:PSERSVendors@voya.com)